

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765**

REVIEW REPORT
OF
OFFICE OF FAITH-BASED AND COMMUNITY INITIATIVES
STATE OF INDIANA
March 1, 2002 to March 31, 2006



FILED
10/18/2006

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Joseph L. Smith Paula Parker-Sawyers	02-12-96 to 01-09-05 01-10-05 to 01-11-09
Chairman of the Commission	Eugene Tempel Lynn Coleman David Reingold	01-13-97 to 05-08-02 05-09-02 to 08-10-05 08-11-05 to 08-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE OFFICE OF FAITH-BASED AND COMMUNITY INITIATIVES

We have reviewed the receipts, disbursements, and assets of the Office of Faith-Based and Community Initiatives for the period of March 1, 2002 to March 31, 2006. The Office of Faith-Based and Community Initiatives' management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Office of Faith-Based and Community Initiatives are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

May 3, 2006

OFFICE OF FAITH-BASED AND COMMUNITY INITIATIVES
REVIEW COMMENTS
March 31, 2006

CREATION OF OFFICE OF FAITH-BASED AND COMMUNITY INITIATIVES

The Office of Faith-Based and Community Initiatives (OFBCI) was created by Executive Order 05-16 on January 11, 2005. The agency was previously known as the Indiana Commission on Community Service and Volunteerism (ICCSV). The existing programs of both the ICCSV and FaithWorks Indiana, which were formerly affiliated with the Department of Workforce Development and the Division of Family and Children of the Family and Social Services Administration, respectively, were transferred to the OFBCI.

INTERNAL CONTROL – CASH MANAGEMENT

The Office of Faith-Based and Community Initiatives has not drawn down Federal funds to cover the disbursement of funds to their subgrantees since March of 2005. The time between receipt and disbursement of federal funds should be minimal. Not drawing down the federal funds in a timely manner to cover the disbursements to the subgrantees could result in a loss of interest revenue to the state.

Each agency, department, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, safeguarding controls over cash and all other assets and all forms of information processing are part of an internal control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

OFFICE OF FAITH-BASED AND COMMUNITY INITIATIVES
EXIT CONFERENCE

The contents of this report were discussed on July 31, 2006 with Paula Parker-Sawyers, Executive Director. The official response has been made a part of this report and may be found on page 6.



Office of Faith-Based and Community Initiatives

Mitchell E. Daniels, Jr., Governor ★ Paula Parker-Sawyers, Executive Director

October 12, 2006

Mr. Bruce Hartman, State Examiner
Indiana State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, Indiana 46204

Dear Mr. Hartman:

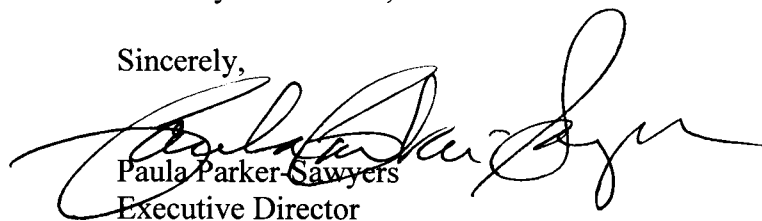
Earlier this summer, Elizabeth White, reviewed the results of the State Board of Accounts audit of the Office of Faith Based and Community Initiatives. Due to unforeseen circumstances, the response to that audit is just being submitted for your review and files. Please forgive the tardiness of our response.

I was pleased with the results of the audit because it reflected the hard work and attention to detail that I have requested of my staff and obviously their compliance with that request. Please note that as a result of the Internal Control-Cash Management comments noted in our review, my Chief Financial Officer is regularly drawing down Federal funds as requests for reimbursement are received from our grantees. The previous practice of not drawing those funds down throughout the year was a result of an administrative misinterpretation of appropriate procedures.

Again, thank you for your patience with our submittal of comments and for your efficient review of our policies and procedures.

With my best wishes, I am

Sincerely,



Paula Parker-Sawyers
Executive Director